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Professional Rehabilitation Services, Inc.

Baton Rouge, Louisiana

Financial Statements
and Supplementary Information

Year Ended December 31, 2006

Johnston & Hayden, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders
Professional Rehabilitation Services, Inc.
Baton Rouge, Louisiana

We have audited the accompanying balance sheet of Professional Rehabilitation Services, Inc., as of December 31, 2006, and the related statements of operations and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Professional Rehabilitation Services, Inc., as of December 31, 2006, and the results of its operations and its cash flow for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2007, on our consideration of Professional Rehabilitation Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with the auditors' report on the financial statements.

May 14, 2007 Johnston & Hayden

PROFESSIONAL REHABILITATION SERVICES, INC.
Baton Rouge, Louisiana

BALANCE SHEET

December 31, 2006

ASSETS

CURRENT:	
Cash and cash equivalents	$ -
Accounts receivable	8,664
Deferred income taxes	15,640
Total Current Assets	24,304
PROPERTY AND EQUIPMENT:	
Computer software	3,362
Equipment and furniture	26,884
	30,246
Less accumulated depreciation	28,014
Net Property and Equipment	2,232
OTHER:	
Deferred income taxes	26,980
TOTAL ASSETS	$ 53,517

The accompanying notes are an integral part of these financial statements.

LIABILITIES	
CURRENT:	
Draws against future deposits	$ 9,473
Current portion of long-term debt	6,800
Total Current Liabilities	16,273
LONG-TERM:	
Notes payable, less current portion	6,249
Due to affiliates	160,967
Total Long-Term Liabilities	167,216
TOTAL LIABILITIES	183,489
STOCKHOLDERS' EQUITY	
Retained earnings (deficit)	(129,972)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 53,517

PROFESSIONAL REHABILITATION SERVICES, INC.
Baton Rouge, Louisiana

STATEMENT OF OPERATIONS AND RETAINED EARNINGS (DEFICIT)

Year Ended December 31, 2006

REVENUES	$ 157,604
OPERATING EXPENSES:	
Bank charges	359
Depreciation	2,089
Insurance	574
Licenses and taxes	1,085
Professional expenses	110,818
Salaries	45,103
Supplies	115
Testing and lab expense	1,562
Training	270
Travel	52
Total Operating Expenses	162,027
Net loss from operations	(4,423)
OTHER INCOME (EXPENSE):	
Forgiveness of debt	93,994
Interest expense	(8,772)
Penalties	(60)
Total Other Income (Expense)	85,162
Net income before taxes	80,739
INCOME TAX EXPENSE	14,761
Net Income	65,978
RETAINED EARNINGS (DEFICIT), beginning of year	(195,950)
RETAINED EARNINGS (DEFICIT), end of year	$(129,972)

The accompanying notes are an integral part of these financial statements.

PROFESSIONAL REHABILITATION SERVICES, INC.
Baton Rouge, Louisiana

STATEMENT OF CASH FLOW

Year Ended December 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 65,978
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	2,089
Deferred income taxes	14,761
Accrued interest expense	7,308
Forgiveness of debt	(93,994)
(Increase) decrease in:	
Accounts receivable	(92)
Increase (decrease) in:	
Accounts payable	(3,897)
Draws against future deposits	7,690
Other current liabilities	(1,367)
Net cash provided (used) by operating activities	(1,524)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments on long-term debt	(6,183)
Advances paid from (to) affiliates	7,707
Net cash provided (used) by financing activities	1,524
NET INCREASE IN CASH	-
CASH AND CASH EQUIVALENTS, beginning of year	-
CASH AND CASH EQUIVALENTS, end of year	$ -

The accompanying notes are an integral part of these financial statements.

PROFESSIONAL REHABILITATION SERVICES, INC.
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the business

Professional Rehabilitation Services, Inc. (the Company) was established to support various programs providing care and treatment to individuals requiring mental, developmental and rehabilitation services. The Company operates programs in the Baton Rouge, Louisiana area.

Method of accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly assesses these estimates and, while actual amounts may differ, the management believes the estimates are reasonable.

Significant estimates included in or affecting the presentation of the accompanying financial statements include provision for doubtful accounts, estimated useful lives of property and equipment, and deferred income taxes.

Cash and cash equivalents

For the purposes of the statement of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts receivable

With the State of Louisiana as the Company's major source of revenue, all receivables were expected to be fully collectible. Therefore, no provision for uncollectible accounts has been recognized in the accompanying financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

All property and equipment is stated at cost. Expenditures for maintenance, repairs and minor renewals are charged to earnings when incurred. Major expenditures for renewals and betterments are capitalized.

As a general rule, when items are retired or otherwise disposed, the accumulated depreciation is reduced by the accumulated amount of depreciation applicable thereto. Any gain or loss from such retirement or disposal is credited or charged to income.

Depreciation

Depreciation is computed on the straight-line and accelerated methods over the following estimated useful lives of the various classes of depreciable assets:

Computer software	3 years
Equipment and furniture	5 – 7 years

Income taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to use of different depreciation methods and lives for financial statement and income tax purposes, and use of net operating loss and tax credit carryforwards for income tax purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Advertising

The Company expenses the production costs of advertising the first time the advertising takes place, except direct response advertising, which is capitalized and amortized over its expected period of future benefits. At December 31, 2006, the Company had no direct-response advertising classified as assets, and all advertising was expensed as incurred.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2006, were as follows:

Cash on hand	$	-
Cash in bank – checking		-
	$	-

Overdrawn cash as of December 31, 2006, in the amount of $ 9,473 is recorded as a component of current liabilities in the accompanying financial statements.

NOTE C – RELATED PARTY TRANSACTIONS

Amounts due to affiliates at December 31, 2006, represent funds advanced to the Company from entities with which it shares common ownership or management, for various reimbursable operating expenses. These loans do not have a set payment schedule. Management does not anticipate that this liability will be liquidated within the current period. Amounts due to affiliates at December 31, 2006, were as follows:

Baton Rouge Development Center, Inc.	$	153,260
Human Services Foundation, Inc.		7,707
	$	160,967

Accrued interest totaling $ 12,269 is included in the above amounts as of December 31, 2006. Interest expense recognized on these related party liabilities totaled $ 8,772 for the year ended December 31, 2006.

The Company utilizes facilities owned by its shareholder for its operations in Baton Rouge, Louisiana. No rent is paid or accrued for the use of these facilities. Additionally, the Company shares office facilities and equipment with companies that share common ownership and management with the Company. No rental or depreciation expense is recorded by the Company as a result of this arrangement.

PROFESSIONAL REHABILITATION SERVICES, INC.
Baton Rouge, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

NOTE D – NOTES PAYABLE

Notes payable at December 31, 2006, consists of the following:

8.9% note payable to a local bank; payable in monthly installments of $ 637, including principal and interest; due to mature in November 2008	$	13,049
Less current portion		6,800
Long-term portion	$	6,249

Future maturities of long-term debt as of December 31, 2006, is as follows:

Year ended December 31,		
2008	$	6,249
2009		-
2010 and later		-
	$	6,249

NOTE E - INCOME TAXES

Summaries of the provisions for income taxes for the year ended December 31, 2006 are as follows:

Current	$	-
Deferred		14,761
	$	14,761

NOTE E - INCOME TAXES (continued)

The expected tax provision that would result from applying statutory rates to income before income taxes differs from current expense due to the nondeductibility of certain expenses, including penalties, and due to the tax rates used to calculate deferred taxes, which do not reflect graduated rates.

As of December 31, 2006, the Company had $ 287,669 in loss carryforwards to offset future taxable income, which are due to expire beginning in 2008. Additionally, the Company had tax credit carryforwards totaling $ 5,235 at December 31, 2006, arising from alternative minimum tax liabilities in prior years, which is available indefinitely for offset against future Federal tax liabilities.

Deferred tax assets and liabilities in the accompanying financial statements as of December 31, 2006, were as follows:

	Current	Noncurrent
Deferred tax assets	$ 15,640	$ 27,357
Deferred tax liabilities	-	376
Net deferred tax assets	$ 15,640	$ 26,981

NOTE F – SUPPLEMENTARY CASH FLOW INFORMATION

Cash payments for the year ended December 31, 2006, for income taxes and interest were as follows:

Income taxes	$ -
Interest	$ 1,464

Noncash investing and financing activities for the year ended December 31, 2006, were as follows:

Recognized gain on forgiveness of related party liabilities totaling $ 93,994

NOTE G – SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the company to concentrations of credit risk consist principally of accounts receivable.

Most of the Company's business is with clients located in the Baton Rouge and New Orleans, Louisiana, areas. The Company's receivables at December 31, 2006, are expected to be paid through contracts with agencies of the State of Louisiana. A reduction in the amount of revenues provided by the State of Louisiana, should this occur, could have a significant impact on the Company's operations.

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AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Shareholders
Professional Rehabilitation Services, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of Professional Rehabilitation Services, Inc., as of and for the year ended December 31, 2006, and have issued our report thereon dated May 14, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Professional Rehabilitation Services, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Company's on internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether Professional Rehabilitation Services, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the entity, and the U.S. Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

May 14, 2007